

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6012

BILL NUMBER: HB 1300

NOTE PREPARED: Nov 3, 2009

BILL AMENDED:

SUBJECT: Waiver of Property Tax Penalties.

FIRST AUTHOR: Rep. Pryor

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: *Tax Sales-* The bill provides that if all delinquent taxes and special assessments on real property (other than industrial property) are paid before a tax sale after June 30, 2010, and before July 1, 2011, the real property may not be sold at the tax sale, and penalties and costs relating to the tax sale are not due on the real property.

Penalties Waived- The bill waives penalties incurred on delinquent property taxes first due and payable in 2010 on real property (other than industrial property) if all delinquent taxes and special assessments on the real property are paid before July 1, 2011.

Effective Date: Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Tax Sales-* County auditors would be required to include in property delinquency notices information regarding the removal of property from a tax sale under the remedy described above. County auditors would be able to include this information within existing resources.

Explanation of Local Revenues: *Tax Sales-* A person paying delinquent tax liens before time of sale would not have to pay any penalties, postage/publication costs, and directly attributable tax sale costs. County revenues would be reduced by the total amount of penalties and other costs for each tax sale that would not occur during the above 12-month period of time.

Penalties Waived- Waiving penalties would have an indeterminable impact to local revenues, which could be significant if counties have a large number of long-term delinquent properties eligible for tax sale. The impact would depend on the number of taxpayers that would pay their delinquent taxes prior to a tax sale that they otherwise would not pay under current law.

Background Information- The SRI corporation, which currently contracts with 79 Indiana counties to conduct tax sales, reported owners of approximately 2,750 parcels in 10 counties paid delinquent taxes and penalties prior to tax sale of the parcels as of September for CY 2009. Penalty amounts paid for CY 2009 are currently unavailable.

The following table provides further statistics from the counties under contract with SRI.

CY	Number of Parcels with Taxes and Penalties Paid Prior to Tax Sale	Number of Parcels Offered for Tax Sale	Number of Counties with Tax Sales During Year
2000	12,215	11,447	67
2001	15,172	10,353	71
2002	15,556	9,633	73
2003	8,293	6,818	31
2004	13,938	5,980	46
2005	15,819	8,435	64
2006	18,867	16,356	71
2007	12,795	16,380	47
2008	9,563	6,694	39
2009*	2,754	2,328	10
Ten-Year Total	124,972	94,424	
*Through September 2009			

SRI reports that about 43.4% of the parcels eligible for sale during 2000-2009 had their delinquent taxes and penalties paid before the sale occurred.

Marion County- There were 1,008 parcels in Marion County sold via tax sale during CY 2008. The total amount received by the county from the sale of those parcels was approximately \$19.9 M. Marion County collects a \$170 fee for a title search for each property to be sold. Marion County has not had a tax sale during 2009. Currently, about 22,000 parcels are eligible for sale. The 2009 sale is scheduled to occur in March of 2010.

Penalty Information- The penalty is \$25 if tax payments are delinquent up to 29 days. After 30 days, the county auditor must add on an additional penalty equal to 20% of the amount of taxes that should have been

paid on the property tax return. At 45 days, an additional penalty of 10% of the tax bill is charged.

State Agencies Affected:

Local Agencies Affected: Counties.

Information Sources: James Hughes, SRI, 842-5818; Cindy Land, Marion County Treasurer's Office, 327-4028.

Fiscal Analyst: Chris Baker, 317-232-9851.